

Extension of Endowment Match Deadline

In recent months, several comprehensive university officials have inquired about a possible six-month extension to the existing June 30, 2004, deadline for submitting requests for 2002-04 endowment match program funds. The staff supports such an extension.

Action: The staff recommends that the Council approve a six-month extension to the existing June 30, 2004, matching funds deadline.

The Endowment Match Program is one of the Council's major programs related to Kentucky's "new economy" initiative. Its purpose is to build endowments at the public universities and to help advance the state's economy. The existing Endowment Match Program Guidelines stipulate that a \$10 million pool be assigned proportionately to comprehensive institutions. In addition, another \$10 million secondary pool of endowment match program funds is to be assigned proportionately to the comprehensive universities until June 30, 2004. If not matched by that date, other comprehensive institutions that have fully matched their allocations from both primary and secondary pools may submit requests for the remaining pool of unmatched funds.

Concerns over the timing of third-round funding for the program provided the impetus for the requested extension. In round two, program funds were made available at the beginning of the 2000-02 biennium, allowing the institutions nearly two years to match their allocations, and there was an additional six-month extension authorized by the Council for round two funds. Third-round funding for the "Bucks for Brains" program will not be available until after the sale of state bonds, which is not expected until mid-August at the earliest. This means that the comprehensive institutions will have less than 10 months to match their allocations and meet the deadline.

On June 26, 2003, a working committee composed of Council staff members and university representatives completed a draft revision to the guidelines that, if approved, would extend the matching funds deadline by six months. This draft was shared with university presidents at their July 2 meeting and with Chief Budget Officers at their July 17 meeting. No objections to a six-month extension were raised at those meetings.

Given the abbreviated timeframe for matching third-round funds, the staff recommends that the existing endowment match program guidelines be amended, extending the matching funds deadline to December 31, 2004. This revision will be accomplished by making the following changes to page 2, paragraph 5, of the Endowment Match Program Guidelines:

- ?? The primary pool will be allocated to the institutions and will remain in the trust fund until matched. The secondary pool will be similarly assigned to the institutions until ~~June 30~~ **December 31**, 2004. If not matched by that date, other comprehensive universities that have fully matched their allocations from both pools may submit requests for additional matching funds. Funds requested from ~~July 1 to July 31~~ **January 1 to January 31, 2005**, will be matched on a pro rata basis based on the dollar amount of requests received. For example, if the secondary pool contains \$100,000 on ~~July 1~~ **January 1**, and four institutions submit requests of \$50,000 each to the Council between ~~July 1 and July 31~~ **January 1 and January 31**, then each institution would be eligible to receive \$25,000 in state matching funds ($\$50,000 / \$200,000 \times \$100,000$). After ~~July 31~~ **January 31**, requests will be considered on a first-in basis until all funds are allocated. If multiple requests arrive simultaneously, then the pro rata method described above will apply.